

EXHIBIT 2

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NY LEGIS LEG. MEMO 482 (2004)
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McKINNEY'S 2004 SESSION LAW NEWS OF NEW YORK

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Legislative Memorandum relating to Ch. 482
LEASES--CORPORATIONS--SEVENTH REGIMENT ARMORY

Memorandum in Support, New York State Assembly

BILL NUMBER: A11817

PURPOSE: An act to amend the military law and the New York state urban development corporation act, in relation to a lease of the seventh regiment armory to a not-for-profit corporation

PURPOSE: The bill would amend certain provisions of the Military Law and the Urban Development Corporation Act to allow the creation of a public-private partnership to restore, renovate and operate the Seventh Regiment Armory, located at Park Avenue between East 66th and East 67th Streets in the Borough of Manhattan in the City of New York.

SUMMARY OF PROVISIONS: Section 1 of the bill would provide for legislative findings and purposes of the act.

Section 2 would add a new section 180-a to the Military Law entitled "Lease and operation of seventh regiment armory."

Subdivision 1 of new section 180-a would set forth the definitions to be utilized in the Military Law amendments created by the bill.

Subdivision 2 of new section 180-a would declare that the State, acting through the Division of Military and Naval Affairs (DMNA), is the lawful successor to the original lease of the Seventh Regiment Armory ("Armory") property from New York City and the owner of the Armory and all non-moveable property therein.

Subdivision 3 of new section 180-a would provide that certain sections of the Military Law concerning the construction, operation, maintenance and control of armories shall not apply to the Seventh Regiment Armory, except for areas in military use or during periods of civil or military emergency. Subdivision 3 also would provide that sections of the Military Law concerning the disposition of property and governing the classification, employment, duties and compensation of armory employees would not apply to the Armory.

Section 3 would amend Chapter 74 of the Laws of 1968 to authorize the Urban

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Development Corporation (UDC) (doing business as the Empire State Development Corporation (ESDC)) to enter into a lease of the Armory to a not-for-profit corporation to accomplish the purposes of the bill, including the generation of revenues from the leasing of Armory facilities and the use of those revenues to operate and restore the Armory. The lease would include all areas of the Armory with the exception of those areas reserved for: (a) a shelter for homeless women, and (b) military use by DMNA.

Section 4 would provide that the bill is to be construed liberally.

Section 5 would provide for a severability clause.

Section 6 provides that the bill would take effect immediately.

ARMORY LAW: Current Military Law specifically governs the use, construction, leasing, maintenance and operation of armories. It authorizes the Adjutant General to determine the necessity of operating an Armory in the City of New York, to release to the City any armory "title to which is vested in the corporation of the City of New York," and places the Adjutant General in general control of armories.

Military Law further designates DMNA as the state agency to procure and utilize federal funds for armory construction, reconstruction and expansion. Military Law finally provides for the disposal of properties no longer needed for the use of the organized militia of the State.

STATEMENT OF SUPPORT: The Seventh Regiment Armory is one of the most important historic landmarks in New York City. Interior rooms of the Armory represent the works of Louis Comfort Tiffany, Stanford White and other important designers. In addition to its military uses, the Armory is a prominent local venue historically used for arts, cultural and other community events, as well as housing a women's homeless shelter. Major and expensive restoration work is currently needed, however, to prevent this community resource from being lost to future generations.

DMNA has determined that the Armory's current use for training National Guard soldiers can be effectively absorbed by other area armories. Therefore, the objective of this bill is to enable the State, acting through DMNA and UDC, to enter into an effective public-private partnership to restore, maintain and operate the Armory as a community landmark and resource. Sections of the Urban Development Corporation Act governing UDC would be amended to authorize UDC to enter into a contract with a not-for-profit organization constituted for the purpose of effecting these goals whereby the organization would utilize public and privately raised funds, as well as the income from the rental of the property for community events, to institute and complete an ambitious program of restoration and upkeep.

Executive Order Nos. 106, 107 and 116 issued by Governor Carey and Executive Order No.1 by Governor Cuomo and Executive Order No.3 by Governor Pataki designated the Armory as available space for the above-referenced homeless shelter. The shelter is administered by the City of New York through a contract with the Lenox Hill Neighborhood House. This legislation will provide for the continued presence of the shelter at the Armory which will be ensured through an agreement between the State, New York City and the lessee.

The City, which is supportive of this bill, will be responsible for the costs of renovating the shelter space.

The bill would further provide that the Armory would continue to have a day-to-day military presence as the Headquarters of the 107th Corps Support Group, as well as

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immediate reversion of use and control of the full Armory to the State by order of the Adjutant General in the event of any civil or military emergency.

In June of 2000, ESDC issued a Request for Proposals seeking submissions from private organizations interested in restoring and operating the Armory. In September 2001, the Seventh Regiment Armory Conservancy, a not-for-profit organization established for this purpose, was selected by ESDC to undertake this project.

BUDGET/IMP. REQUIREMENTS: Unknown at this time.

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